

# Update on the Truck Loan Assistance Program

March 21, 2013

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY



Air Resources Board



California Pollution Control Financing Authority

# Program Overview

- Component of ARB's funding assistance program to support 2008 diesel vehicle regulations
- Assembly Bill 1338 (2008): provided one-time funding allocation from AQIP
- Purpose: provide financing opportunities to small business fleet owners for truck upgrades
  - Trucks with 2007+ model year engines
  - ARB-verified diesel exhaust retrofits
  - SmartWay aerodynamic technologies

# ARB/CPCFA Partnership

- Program model: California Pollution Control Financing Authority's (CPCFA) California Capital Access Program (CalCAP)
- Enabled prompt program startup in 2009
- ARB/CPCFA Interagency Agreement
  - April 2009 through December 2013
  - \$30.3M total for program implementation

# Why Loan Assistance?

- Enables lenders to provide financing to more borrowers in the trucking sector
- Provides small business truckers access to financing
- Maximizes limited State incentive funding
  - 6.5 to 1 leveraging of private to public investment



# Program Structure

- ARB funds used to back loans enrolled by commercial lenders
  - 20% or 14% of enrolled loan amount
- Lenders use own underwriting standards and set loan terms
- Borrowers must meet CalCAP small business requirements



# Program Achievements

## Vehicles/Equipment Financed as of January 29, 2013

Number of Loans Issued	Number of Projects Financed	Project Type	\$ Spent on Projects	Total Amount Financed
2,207	2,383	Truck Purchases	\$22.7M	\$148.4M
	189	Exhaust Retrofits		
	13	Trailers		

# Program Demographics and Funding Projections

**Mike Paparian**  
**Executive Director**



**California Pollution Control Financing Authority**

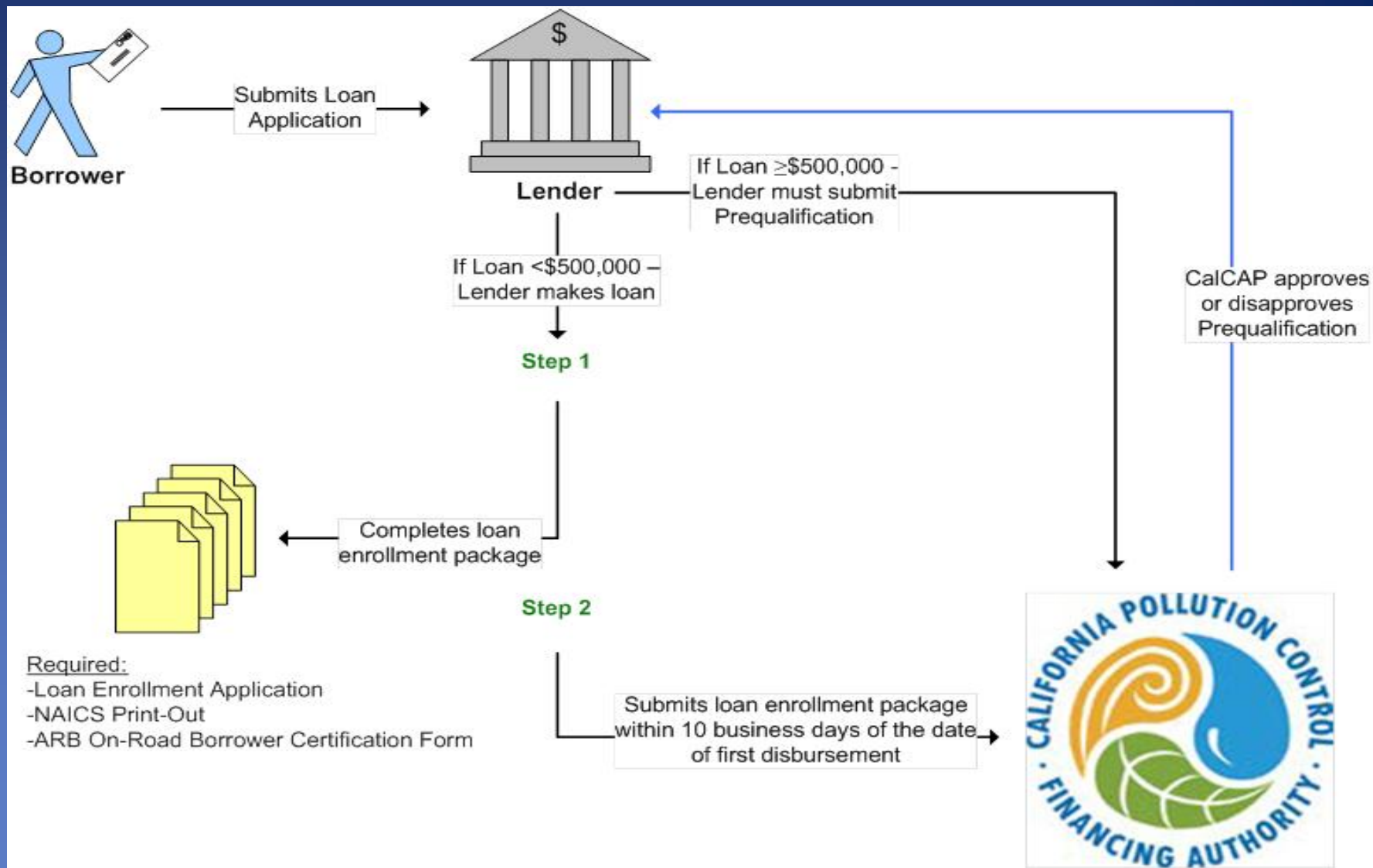
# Who is Using the Program?

- 79% of enrolled loans are to owner-operators with one truck
- 94% of enrolled loans are to companies with 10 or fewer employees
- 86% of trucks financed are used
- 87% of borrowers are minorities

*3,345 jobs were created or retained  
through the program*

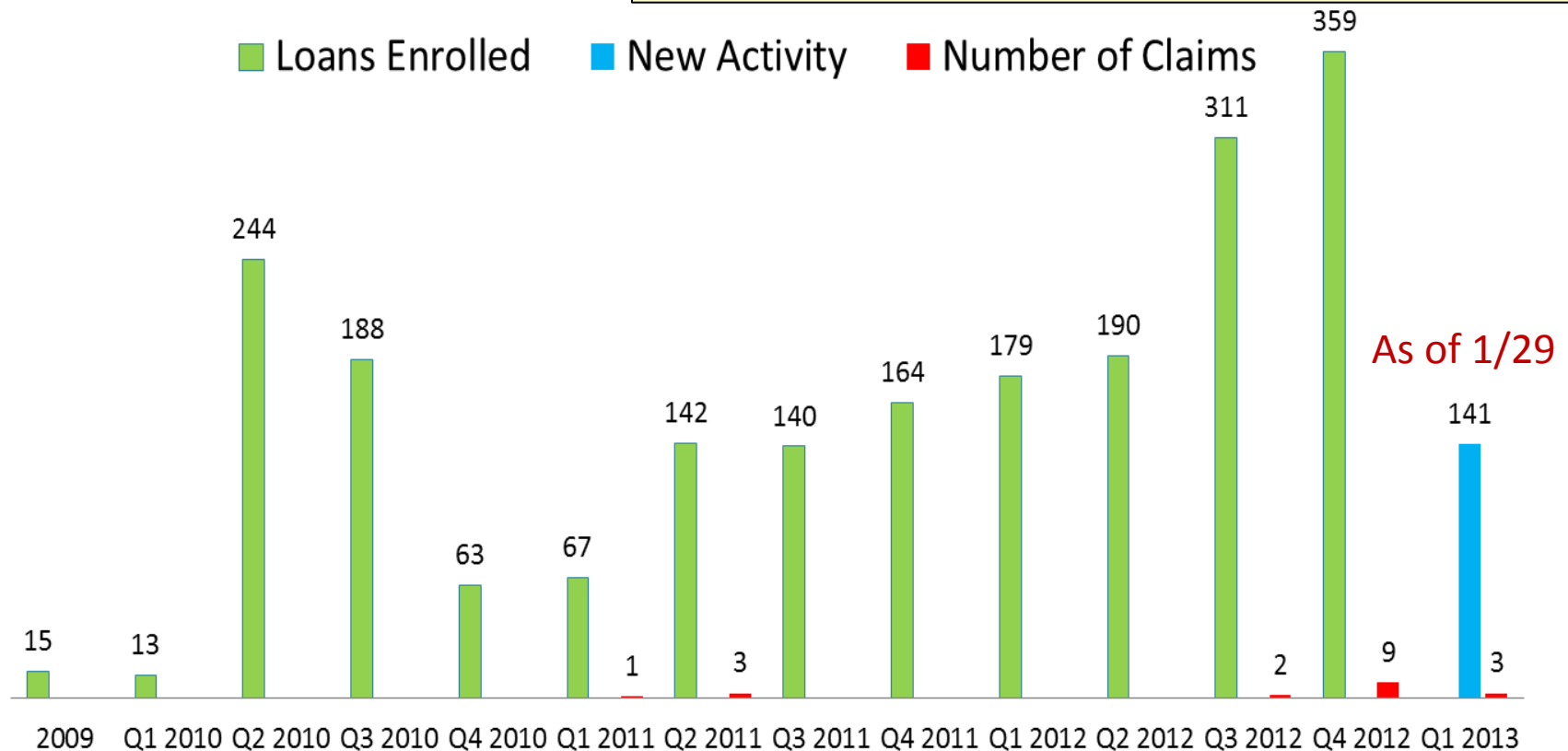


# How Does the Program Work?



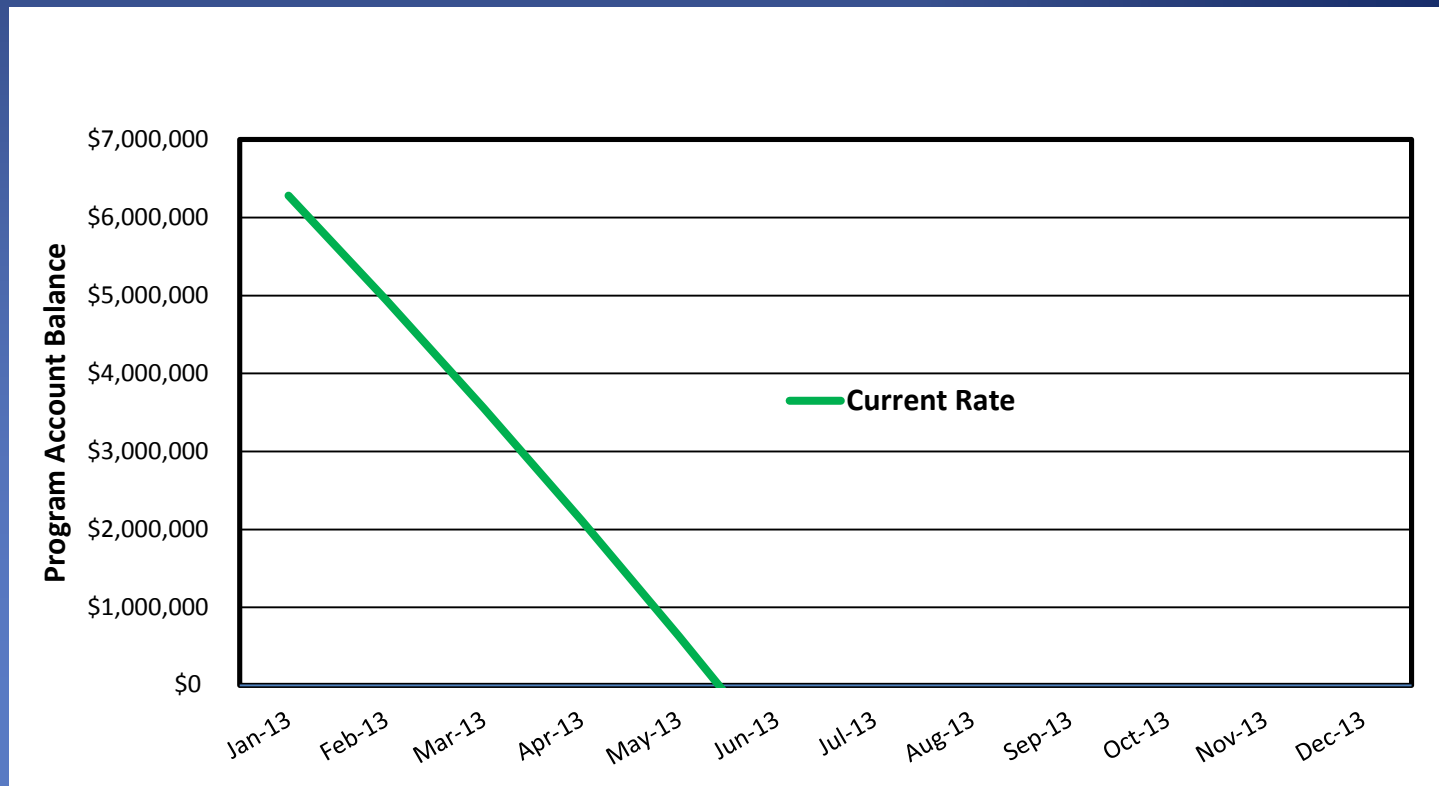
# Program Growth: 2009-2013

- ~53% of loans issued since start of 2012
- ~57% of trucks purchased since start of 2012
- ~57% of expenditures since start of 2012



# Where Are We Now?

- \$6.3M in funding remains
- Current IA with CPCFA runs through December 2013
- Funds will be depleted by mid-June



# Current Program Underfunded

- Continue program “as is”
- Projected monthly draw of \$1.4M - \$1.9M
- More funds necessary to extend program through December 2013

***Projected  
Shortfall is \$11M***

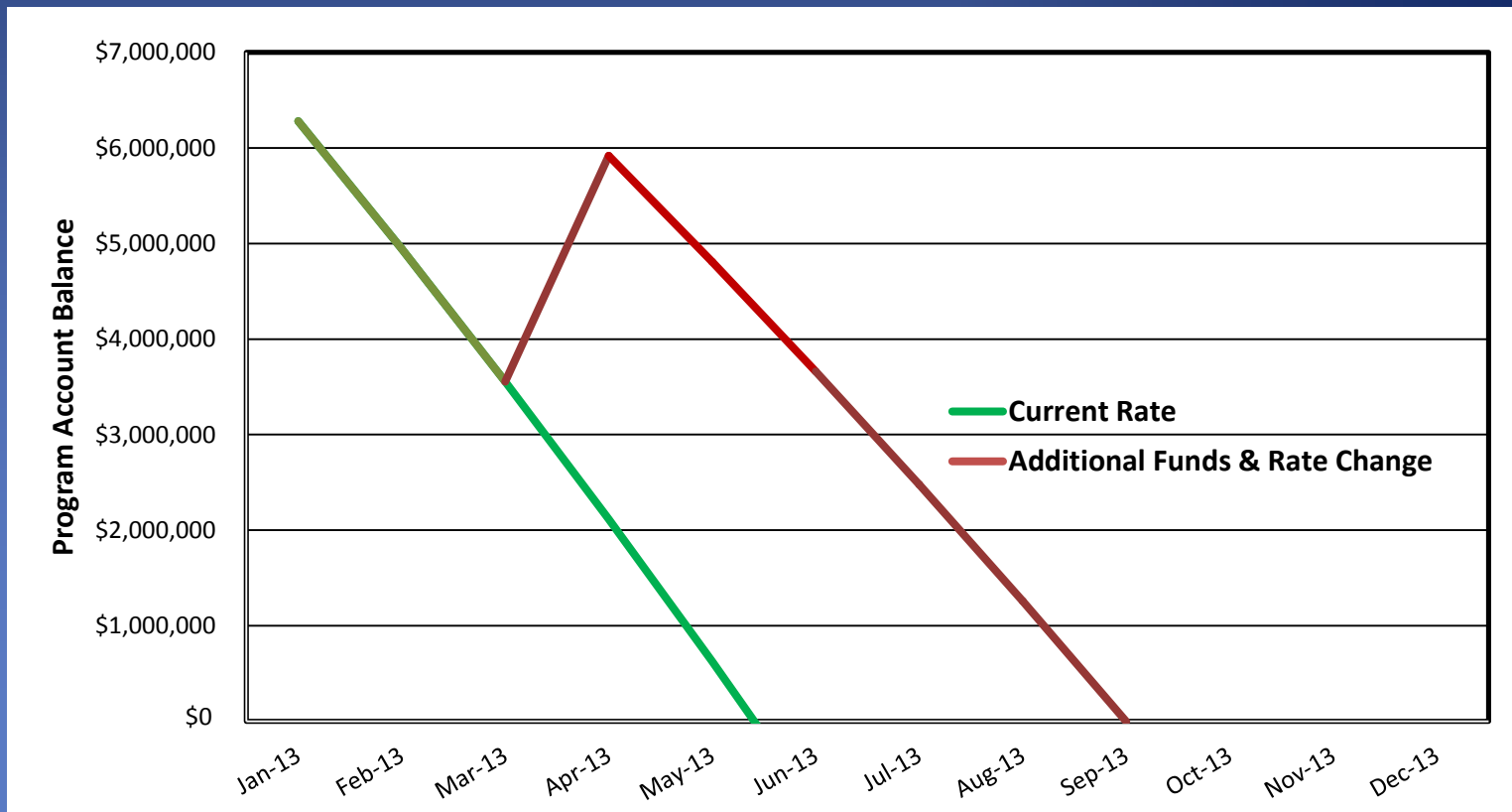
# Program Adjustment Helps

- Reduce loan loss reserve contribution to 10%
- Projected monthly draw of \$1.1M - \$1.4M
- Reduces funding need for this year by ~\$3.2M
- But still need funds to continue through 2013

***Reduced Shortfall  
to \$7.8M***

# Program Extension

- Reduce loan loss reserve contribution to 10%
- Add ~\$4 million in May



# Summary

- Continued demand for financing through successful ARB/CPCFA collaborative program
- About \$8M to \$11M needed to complete current IA
- Looking ahead to prioritize future funding
  - Projected need for CY 2014: \$19.4M